

CENTRAL INTELLIGENCE AGENCY

ATTACHMENT D

Main Department/Law

4 February 1948

Note on Documents

With Oberregierungsrat Dr. Milkowski of the Budget Division of the Ministry of Finance, an exhaustive conference on undecided questions of finance took place today.

1. On taxation of SAGs

Through decree of the Ministry of Finance (2600 - 57/IV/13 and S 2600 - 57/IV/13) the Financial Offices were informed that the SAGs were liable for taxation in the same way as German enterprises. The head of the financial administration of SMA wishes reports on the cases in which SAGs do not fulfill their obligations. The assessment for taxes is not imposed on individual SAGs but on the central combines which are given in the attached survey (Figures of the Russian List) by code.

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| 1. Questionable, probably separate | 16. Caustic (Kaustik) |
| 2-3. Martin | 17-18. Plastic |
| 4. Copper (Kupfer) | 19. Kraska |
| 5-7. Rasres | 20. Rubber (Kautschuk) |
| 8. Smola | 21-26. Cement |
| 9-10. Maslo | 27-30. Amc |
| 11. Karjer | 31-34. Podjonnik |
| 12. Returned | 36-37. Prisfor |
| 13. Gasolin | 38-40. Transmasch |
| 14. Leuna | 35. Autovelo |
| 15. Photofilm | |

Several of the combines have their headquarters outside Land Saxony-Anhalt (for example, Rasres in Leipzig). The assessment is made however, at the headquarters of the combine; while the tax yield will be given proportionately to the appropriate finance offices in Land Saxony-Anhalt.

2. On preferential treatment of SAGs regarding subventions

Leuna in the last year was paid a subvention of 34 million RM, although the plant showed a profit of 11 million RM. For the returned Golpa plant a subvention of 3 or 4 million RM was paid to the Russians, and back payments, in spite of the return of the enterprise to Land Saxony-Anhalt, were refused as "undesired."

In spite of the high taxes, the budget for the new fiscal year, which the Ministry of Finance will conclude shortly, showed at first a deficit of 150, finally one of 75 million RM. This is to be eliminated by increased tax income from still uncertain sources and further decrease of expenses.

As Dr. Milkowski believes, the Russian services are interested, through premiums offered to them, in the presentation of a favorable budget.

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